Response from Simon Howard, Chief Executive of the UK Sustainable Investment and Finance Association, to comments made by Terry Smith at the Institute of Directors reported in the link below

http://www.theguardian.com/business/2013/sep/18/terry-smith-criticises-socially-responsible-investments

London, 19 September 2013

“Terry Smith’s reported comments that ethical funds perform badly and are riddled with internal contradictions appear ill-informed and naive.

A recent report from moneyfacts.co.uk shows ethical funds up 36% on average over 3 years compared with 31% for the average non-ethical fund. Investment has to be forward-looking. For instance, for pension funds to passively accept exposure to assets that derive their value from burning carbon or from using finite resources, when those activities are likely to be challenged by emerging scientific and societal consensus as to their consequences, seems exceedingly dangerous. Such fundamental issues may prove to be as material to investment returns in the next decades as interest rate moves and globalisation are deemed to be now.

Mr Smith is also quoted as talking about funds making “subjective moral judgments” in excluding what are commonly called ‘sin stocks’. This is an old-fashioned view of how responsible investment is carried out. Both UKSIF members and other sustainable investment practitioners now apply a wide variety of techniques that give asset owners comfort that their fund managers are considering the hard truths we face.”

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Notes to editors
Interviews with Simon Howard are available on request.

About UK Sustainable Investment and Finance Association (UKSIF)
The UK Sustainable Investment and Finance Association (UKSIF) supports the UK finance sector to be a global leader in advancing sustainable development through financial services. We promote and support responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment. Founded in 1991, UKSIF has over 250 members including pension funds, asset managers, research providers, financial advisers, banks and non-governmental organisations. For more information, please visit www.uksif.org.

Reporting of Terry Smith’s comments
Simon Howard’s response follows comments made by Terry Smith at the Institute of Directors, as reported in the following link: http://www.theguardian.com/business/2013/sep/18/terry-smith-criticises-socially-responsible-investments.